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INFO RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE

RUEHAR/AMEMBASSY ACCRA 3063

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C O N F I D E N T I A L SECTION 01 OF 02 HARARE 000785

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ADDIS ABABA FOR USAU

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STATE PASS TO USAID FOR J. HARMON AND L. DOBBINS

NSC FOR SENIOR AFRICA DIRECTOR M. GAVIN

E.O. 12958: DECL: 10/07/2019

TAGS: [ECON](#) [EFIN](#) [ZI](#)

SUBJECT: AFRICAN DEVELOPMENT BANK LOOKS FOR MORE ENGAGEMENT WITH ZIMBABWE

Classified By: CDA Donald Pettersen for reason 1.4 (d)

¶1. (C) SUMMARY: The local mission chief and a high-powered team of consultants for the African Development Bank (AfDB) discussed prospects for expanded engagement with the GOZ and sought USG views in a September 24 meeting with Charge. In recent consultations with GOZ officials, AfDB staff encountered strong expectations for more multilateral and bilateral support. AfDB staff seemed inclined to think that not meeting those expectations could have negative consequences. Charge said the GOZ's progress toward key benchmarks remained insufficient, and the USG could not yet expand its engagement beyond the present "humanitarian plus" framework. The AfDB would like to see donor support accelerated, but its lack of resources will force it to accept the speed limit set by the rest of the international community. END SUMMARY.

¶2. (U) Local AfDB Mission Chief Damoni Kitabire called on Charge to discuss prospects for more engagement with Zimbabwe. Kitabire was accompanied by a team of four consultants, including former World Bank Vice President Russell Cheetham, who had spent more than a week in back-to-back meetings with GOZ officials to identify needs and discuss potential new initiatives.

¶3. (U) Kitabire told Charge that AfDB could use its Fragile States Facility (FSF) to support projects in Zimbabwe even before the GOZ cleared its arrears with international financial institutions (IFIs). He said AfDB could use FSF to support technical assistance, arrears clearance, and rehabilitation of infrastructure. So far, AfDB had committed USD 6 million to technical assistance focused on public financial management. A further USD 2 million could be used to assist the Ministry of Planning and the Central Statistical Office. Kitabire said that expansion of AfDB assistance to infrastructure rehabilitation would require replenishment of the FSF. Following consultations with the GOZ, AfDB would likely identify the power sector and the water and sanitation infrastructure as the main priorities

for expanded assistance.

¶4. (C) Members of the AfDB team said their GOZ contacts, primarily in the Ministry of Finance, believed Zimbabwe was in "a moment of change." Some GOZ officials were disappointed that they were not receiving more assistance from the international community. There were "tremendous expectations" that AfDB could do more -- and disappointment upon learning that AfDB had "empty pockets." The AfDB team feared there could be negative consequences if donors delayed expanded engagement with the GOZ. The Economics and Finance Ministries, for instance, were working on medium-term plans that would lead to a Poverty Reduction Strategy Paper. They were also fighting an uphill battle to persuade ZANU-PF ministers that Zimbabwe should seek debt relief under the Highly Indebted Poor Countries initiative. The consultants feared that without clearer prospects for expanded donor engagement, these important efforts would run aground. Furthermore, if there was not more financing for the private sector, Zimbabwe's economic recovery would fizz.

¶5. (C) Charge replied that the USG had not seen enough progress under the inclusive government to warrant new bilateral commitments beyond the "humanitarian plus" framework now in place. While the GOZ had achieved important reforms, the Global Political Agreement that brought about the inclusive government had not yet been fully implemented. As a consequence, the Charge said, the USG was not ready to provide funds directly to the GOZ. Charge added that the USG did not have an explicit checklist of actions that would show

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when new types of engagement were justified, "but we will know it when we see it."

¶6. (C) COMMENT: The AfDB for now is not in a position to expand engagement, but there is obvious sentiment to do so, and AfDB assistance would be welcomed by the GOZ, particularly the Ministry of Finance. In the end, however, the necessity for donors to provide funds to the AfDB for Zimbabwe will prevent the Bank from getting out ahead of the rest of the international community. END COMMENT.

PETTERSON